OFFER DOCUMENT

Energise Africa – Oolu Solar Issue 11

2019

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An Investment in the Company is suitable only for Investors who are capable of evaluating the merits and risks of such Investment, who do not require immediate liquidity for their investment and who have sufficient resources to bear any loss which might result from such investment.

Potential Investors' attention is drawn to the content of pages 10 to 16 headed "Risk Analysis Overview" and the "Credit Write up by INRiSC" in Appendix A.1 of this document, which sets out certain risk factors relating to any Investment in Securities in companies active in emerging markets and certain risks that apply to the Company in particular. All statements regarding the Company's business, financial position and prospects should be viewed in the light of these risk factors.

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1. Introduction

This Offer Document is intended to provide investors with relevant information in order to make an informed investment decision.

Keep in mind that investments of this nature carry risks. Therefore, it is recommendable to spread your investments across projects, partners, platforms and investment products and not to allocate too much of your savings and investments in what are considered high risk investments.

This offer is brought to you by Lendahand Ethex Ltd trading as Energise Africa, a joint venture between the Dutch impact investing platform Lendahand and the UK based positive investment platform Ethex, specifically set up to promote the Energise Africa campaign, sponsored by UK aid. Lendahand Ethex combines the strengths of both organisations in order to meet the challenge of mobilising UK based retail investors to lend to businesses undertaking solar power energy installations in Sub-Saharan Africa.

Disclaimer
The Directors of Lendahand Ethex Ltd trading as Energise Africa hereby declare that the information contained in this Offer Document is to the best of our knowledge, in accordance with the facts and contains no omission likely to affect its import. This document provides no advice on particular tax benefits that an investor may be eligible to claim in relation to an investment into the product offered. Tax incentives that may be available will vary depending the personal circumstances of each investor. Those interested in investing should do so only after reading this document in full and taking appropriate financial and other advice

Message from the CEO of Oolu SARL

I am delighted to present you with an exciting opportunity to invest in the development of rural West Africa.

In 2012 my co-founder Nilmi Senaratna moved to the rural community of Wack N'Gouna, Senegal to work for a clean cookstove and agriculture non-profit. While working with 5 villages to develop and teach more efficient methods of farming, storage, and cooking, she tutored children in English. Without electricity, we saw that the children would study by candlelight or with light from cell phones. She and her friends in the village would discuss this problem at length, and it was there that she decided to work on the issue of energy access.

In 2014, Nilmi left her post at the United Nations Environment Programme (UNEP) and asked me to join her in pursuing this energy access project full time. So, we moved back to Wack N'Gouna. We found that the biggest issue slowing the adoption of solar products for lighting and phone charging was the lack of trust that the villagers, potential customers for such products, had in the products available on the market at the time. We have seen traders who would show up with shockingly low-quality products, generally imported illegally through the port of Dakar or the north through Mauritania, that would fail weeks or months after purchase. Solar had a bad reputation, and it would take a new type of model based on community engagement and trust to improve it.

We began to install solar home systems, financed with our own savings and contributions from friends and family. With the initial customers, we designed a model offering free in-home repairs included in the monthly fee. The combination of these high-quality products and high level of service and community engagement translated into a demand for solar home systems from 30 village chiefs in the region.

And so Oolu was born. Oolu means trust in Wolof, the local language most commonly spoken in Senegal. Our goal with Oolu was to provide quality products and after sales service that communities and customers could trust. We aimed to build a company that would scale to meet the energy access needs of not only Wack N'Gouna, but of the broader region.

Given the growing availability of quality off-the-shelf options that could be customized cost effectively by the time we started Oolu, we knew that the most scalable and sustainable business model for reaching our customers would be a pure distribution business that focused on sourcing and distributing high quality and affordable solar lighting and charging products. Given that we were operating in some of the most challenging economic environments in sub-Saharan Africa, we offered pay-as-you-go financing options that made our solar lighting and charging products affordable for our customer base of rural farmers with variable income streams.

Three years later, we have successfully expanded the business, are now present in three West African countries (Senegal, Mali and Burkina Faso) and with over 30,000 customers. We participated in Y Combinator, one of the world's top start-up accelerators, in 2015, and raised funding from well-regarded impact investment funds in France, Switzerland, and the US. We established our headquarters in Dakar with a team of 130 full-time staff, 97% of whom are from communities we currently serve or aim to serve. Experienced multi-country managers oversee a young and passionate workforce with our social mission and objectives-based culture at the forefront. We are present in more than 5,400 villages in Senegal and Mali, where we are the market leader.

In terms of our plans for the future, we plan to expand throughout Francophone West Africa and rural Nigeria by 2022 and introduce larger systems which will allow micro-entrepreneurs to develop rural businesses and gain new sources of revenue. The response from our most recent pilot of larger systems has been overwhelming, so we are confident that there is both demand and ability to pay from both our current and future customers who wish to climb the energy ladder. We have demonstrated success in opening and scaling new markets in West Africa and look forward to bringing high quality products and service to rural communities throughout the region.

Funds secured through your contribution will be used directly for the acquisition of solar home system inventory that improve quality of life for households and micro-businesses across West and Francophone Africa.

We are targeting to repay this working capital debt over a 30 month period with interest to investors. Apart from the obvious benefits of bringing energy and light, the social impact of our solar products goes much deeper. With the systems already installed to date, we have positively impacted approx. 300,000 lives and created 130+ full time jobs. We have helped to promote an environment that is healthier and safer and provided more opportunities for household income to grow.

Dan Rosa, CEO

2. Summary of Offer

Issuing entity / Issuer	Oolu SARL
Investment target	£150,000
Minimum investment	GBP 50
Maximum investment	No maximum
Maturity	30 months
Expected interest rate	6% per annum
Interest payment frequency	Semi-annually
Notional repayment frequency	Semi-annually
Financial instrument	Promissory note / unsecured interest bearing bond
Seniority of debt	Senior debt investment (debt that takes priority over other unsecured or otherwise more junior/subordinated debt)
Security	Unsecured
Management fee / transaction costs	None
Non-recall period:	The Issuer (or borrower) is allowed to repay the loan early after 6 months against a 1.5% prepayment fee on the amount prepaid.
Risks	This is a direct investment into a company, Oolu SARL, and therefore it is recommendable that you are careful with the amount you invest. For an overview of the associated risks, please go to section 5 or 7 and Appendix A of this offer document.
Reporting	The Issuer is obligated to share with Lendahand Ethex LTD, trading as Energise Africa its annual audited financial statements, quarterly update on financial metrics and annual social impact reports.
Know Your Client Investor	Know your Client ("KYC") procedure on investors to be performed by licensed Payment Service Provider ("PSP"), Mangopay SA ("Mangopay").
Investor	An individual who commits money to this investment product with the expectation of financial return via the energiseafrica.com website.
Know Your Client Issuer	KYC procedure on Issuer to be performed by PSP in conjunction with the Energise Africa platform
Application	All investments in this offer shall be made via the energiseafrica.com website
Age restrictions	Investors must be 18 years or older

3. Business overview

3a. About Oolu SARL

- CEO name: Dan ROSA
- Location: Dakar, Senegal
- Sector: Sustainable energy projects
- Founded: 2015
- Number of employees: 150
- Turnover in 2018: $1.7M

Summary about Oolu SARL ("Oolu" or "Oolu Solar").

Oolu is a leading off-grid solar home systems (SHS) distributor in rural regions in West Africa with its headquarters in Dakar, Senegal. With a well-adapted and competitively priced pay-as-you-go SHS offering for the local market, Oolu has a market leading position in Senegal and Mali and recently launched operations in Burkina Faso in April 2018.
The company was built around a highly effective and experienced team headquartered in Dakar with 150 full time employees and ready to scale across West Africa.

3b. Impact

Social impact

Oolu is achieving long lasting and measurable impact thanks to its last mile distribution network that brings high quality Lighting Global certified solar lighting and charging products to off-grid rural communities. Beyond sales, Oolu provides strong after sale customer support and pay-as-you-go plans that make its products affordable to rural customers with variable income streams. Oolu's customers not only have access to clean and affordable energy, but also have more time to focus on productive activities. Prior to Oolu, many customers report that they used to have to walk for hours to charge phones and their children were often unable to study at night due to the lack of affordable lighting options.

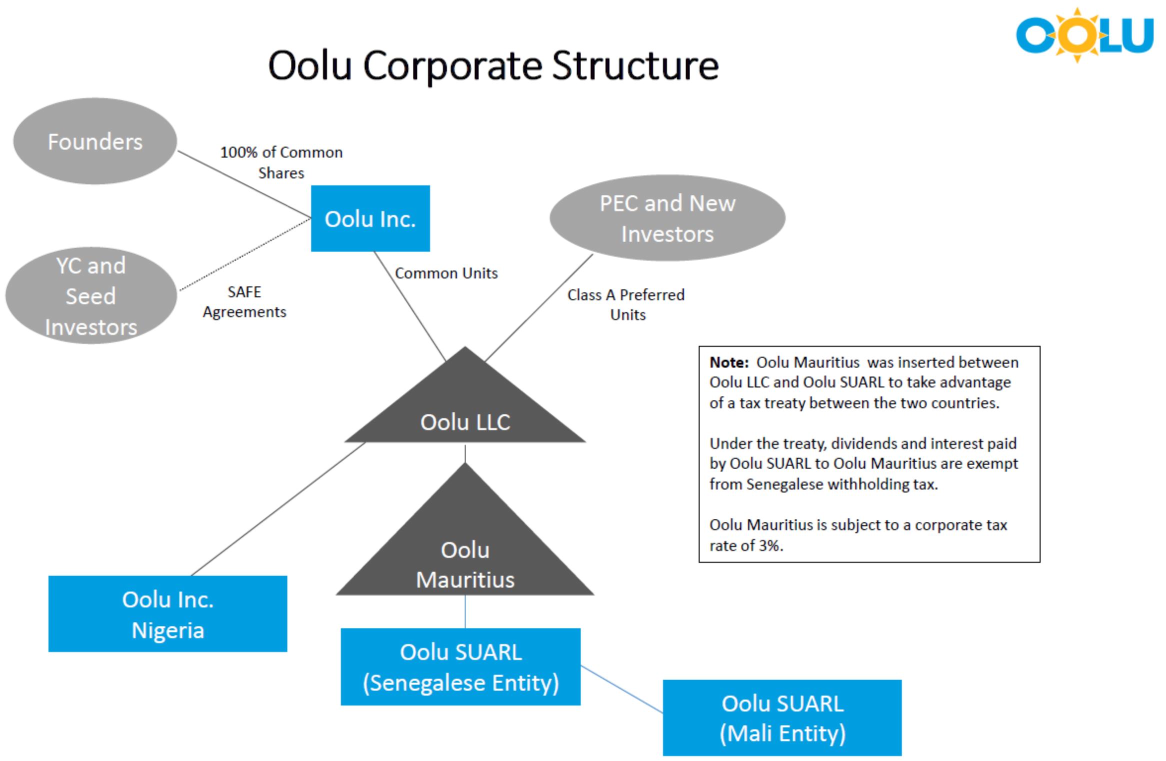
An Oolu Lean Data study conducted in July 2017 by the Acumen Impact team showed the following results:

- 170,000 lives impacted positively
- 105,000 school aged children reached
- 130 direct jobs created

Environmental impact

Customers can now use clean solar energy on a daily basis instead of torches, batteries or kerosene to meet basic energy needs including home lighting and phone charging.

3c. Organisational Structure



3d. Management Team

DAN ROSA, CEO & CO-FOUNDER

- Worked at the law firm of K&L Gates in the fields of public policy and international development related to the energy sector
- Before Oolu, researched off-grid solar business models in South Asia and West Africa and lived in a village in rural Senegal
- BA in International Relations (American University) and graduate of YCombinator

NILMI SENARATNA, Chief Business Development Officer & Co-Founder

- 8 years experience working for development projects in Sub-Saharan Africa, especially in NGOs
- At CIDA and UNEP headquarters, contributed to high level policy work in the environment sector and published two books related to climate change
- Lived and worked in rural and urban regions in over 9 countries in South Asia, East and West Africa
- BS and MES from Western University Canada in collaboration with the Ivey Business School and is a graduate of YCombinator

VINCENZO CAPOGNA, CTO
- Former Manager of the Innovation Programme for SunnyMoney, the largest distributor of portable solar products in sub-Saharan Africa
- Technical skills: product design and manufacturing, business development in Africa (experience running pilots in Mozambique, Tanzania, Malawi and Kenya)
- Bachelor's degree in Energy Engineering from University of Rome La Sapienza and a Master in Sustainable Energy Engineering and Entrepreneurship from KTH (Sweden) and UPC (Spain)

MOMAR NDIAYE, Managing Director – Francophone Countries
- Former CFO of Postefinance (Senegal logistics company and commercial and residential financier)
- Former CFO at Wari (largest mobile payment company in West Africa)
- Former joint DG at Pamecas (second largest MFI in Senegal with 700,000 clients including across rural regions)
- Academic background in accounting, corporate finance. Professional expertise in portfolio risk management in the banking sector, designing models to scale nationally and internationally and motivating big teams

DOSEKE AKPORIAYE, Managing Director – Nigeria
- Entrepreneur with over 19 years experience in start-up, strategy and management consulting within financial services, telecoms, power, oil & gas, non-profit and public sectors in Nigeria, Ghana and the United States

4. Business in detail

In this section, a more in depth financial analysis is presented and entails a financial analysis, offers a few key financial ratios that describe the liquidity and solvency position, and a brief cash flow analysis.

For the sake of building a more complete overview of the business and the opportunity at hand, Lendahand also has a strategic partnership with INRiSC, a boutique consulting firm that delivers a credit write-up report. Their analysis takes a more analytical approach to the risks of the investment.

The paragraphs under section 'Financial Analysis' come directly from the INRISC report (see page 5 of the report). For a more complete picture of the credit worthiness of Oolu, it is recommendable to read the full report in the appendix. Note that the analysis is performed on Oolu LLC, indirectly the parent company of Oolu SARL (see corporate structure overview on previous page). Oolu LLC has provided a full credit risk guarantee on any debt obligations between the company and the investors.

Financial analysis

Liquidity

The PAYG payment model stretches the cash cycle of the company. The accounts receivable is commonly a large part of the (liquid) assets of leasing and PAYGO companies. The accounts receivables consist of the amount of money owed to the company by its customers. Receivables entail a risk of non-payment by the customers. Oolu has chosen not to incorporate the receivables on the balance sheet at contract value. Oolu instead records the cost price of all the systems installed minus depreciation. This is a conservative accounting method since it only records the book value of the assets. The contract value of the sold systems is higher but include the non-payment risk. As explained above, the churn rate and arrears are quite stable during the last year. If the company would include the accounts receivables at contract value, the current assets on the balance sheet would be larger influencing the current ratio. The current ratio remains relatively strong due to a relatively strong cash position. Oolu can cover its short-term liabilities from their current assets.

Solvency

Another feature similar to leasing companies, is that the balance sheet of PAYGO companies is ‘inflated’ by the need to pre-finance their customers. Meaning if all sales were direct cash payments the company would have had a much shorter balance sheet. As mentioned Oolu does not include the accounts receivable in their projections, thereby shortening their balance sheet. The company accounts on a cash-based basis, meaning revenue is recorded when a cash payment is fulfilled. The company aims to achieve and maintain a long-term debt/equity ratio of 2:1; this is currently not reflected in the projections. Own and Associated Means / Total Assets[1] shows the relatively high portion of mezzanine funding present in the company. The projected own and Associated Means/Total Assets (including the mezzanine[2]) indicates a strong position and reflects the ability to raise debt, while at the same time, maintaining their relatively strong solvency position (including the mezzanine). This is further strengthened by an increase in EBITDA[3] in 2021

[1] Own and Assoc. M/Tot Assets mirrors the solvency ratio with the addition of mezzanine funds (subordinated unsecured debt, convertibles, etc.) as risk capital to the equity position.
[2] Mezzanine financing is a hybrid of debt and equity financing
[3] Earnings Before Interest Depreciation and Amortization

and the correlating declining debt/EBITDA ratio. The projected losses of the company are reflected in the increase of the gearing ratio[4], as the equity position of the company is reduced, and the debt levels remain constant. The gearing improves in coincidence of the company making a projected profit from 2020 onwards.

Cash flow analysis Borrower

There are both positive and negative cash flow implications for the PAYGO model. PAYGO leases put pressure on the lessor's cash flow as it stretches the incoming cash flow; the long cash cycle is a financial risk inherent to the business model. It is a financial risk because the company has counterparty risk on their customers for the duration of the lease contract. The long cash cycle of the company causes a negative cash flow from operations until 2021; this is due to the working capital investments. Working capital is needed to buy new assets when new lease contracts are signed with consumers. According to projections the Days Inventory will be reduced over the projected period but will remain relatively long, meaning that in the future outside funding is required for the company to grow. Cash flow from core operations becomes positive in 2020; this demonstrates that the company runs a profitable operation when one disregards the working capital investments. A positive feature of the PAYGO model is that it binds clients, which will provide cash flows in the long run.

Collateral analysis

The notes are uncollateralized. Oolu is dependent on the payment behavior of their customers. The legal risks deriving from these lengthier relationships, which also involve a higher diversity of obligations (e.g. monitoring, maintenance, payments services) than a regular sale, increase the overall operational risk of the lessor. The company provides asset-based finance with the SHS as collateral. The company decreases the risk of non-payment by the customers by being able to remotely lock the installation if a client fails to pay. If necessary, the company can go one step further and repossess the installation. At the moment, Oolu is able to sell most of the repossessed systems for the original price. As the market matures it is likely that a second-hand market will establish itself giving a price indication on the collateral value the systems represent.

[4] Gearing refers to the debt to equity ratio and compares a company's own equity or capital to funds borrowed by the company.

5. Risk analysis overview

This section of the offer document provides an overview of some of the associated risks with this investment opportunity.

The investment team of Lendahand, comprising of 4 investment managers with a combined experience of 30+ years in investment management and investment banking, performs a light due diligence. This process comprises of many hours of desk research, calls/meetings with the investee, gathering market intelligence and competitor data as well as talking to experts. After data is gathered, a more in-depth analysis takes place. Not only with regards to financial aspects such as audited statements, balance sheet and cashflow projections, but also with respect to operational activities, quality of the management team, clients and market fit, ownership and governance. In general, the investment team will also perform an on-site visit, possibly after a pilot phase.

Before an investment decision is made, the investment team of Lendahand gathers all documents/information and writes an investment memo that is presented to a Credit Committee. This committee consists of 3 experienced individuals with relevant backgrounds:

- Michael Looft – former Kiva Regional Director Asia and Europe
- Daphne Pit – former Manager of the Green and Inclusive Economy team at Doen Foundation
- Hatem Mahbouli – Former investment officer at FMO, presently senior investment officer at ELECTRIFI

5a. Risk factors to take into consideration

Outlined below are some of the more general risks associated with investing in unlisted and unsecured bonds such as the one presented in this offer document. Further, some of the risks that apply to this investment are provided which may cause late repayments or loss of invested capital. Please be aware that there might be other, not so obvious, risks that apply as well. This therefore is in no way a full and complete overview of all the associated risks.

Risks of investing in unlisted, unsecured bonds

By investing in an unsecured bond, you are lending your money to a business (Oolu), with all the risks that this involves. It is also difficult to get out of the investment early. Unsecured bonds are 'fixed interest' investments. This means that the interest rate on the money you lend is set in advance. However, interest payments on your money and the return of your capital are not guaranteed and depend on the performance of Oolu.

Your capital is at risk and you may lose some, or all, of your initial investment. You should only invest if you can afford to lose all of your investment.

Company-specific risks

- The solar assets may not perform as well as forecasted due to manufacturing errors even though the Company prides itself on their high-quality systems.
- Competitors may enter the market with superior product/service and suppliers may default.
- Oolu may be unable to raise sufficient future capital to sustain its operations and expansion plans; however, the Company has shown strong track record of attracting debt and equity in the past.
- Operational costs may rise faster than anticipated.
- Management and key staff turnover could affect the performance of the Company.
- High defaults among clients might occur, which might result in the subsidiaries going bankrupt and high reclaiming costs of systems. This could result in financial loss for Oolu in terms of their equity stake, cause reputational damage, cause investor losses and result in the need to set up new subsidiaries/SPVs etc.
- In most emerging markets, different currencies are used that are more volatile than their counterparties used in developed countries. Even though Oolu borrows in GBP and repays in GPB, it has revenue streams in multiple local currencies in the markets of operations ("FX"). If the FX were to depreciate, the company's day to day operations could be affected which in turn could influence the ability to repay its hard currency loans. This is a common obstacle that solar companies must be able to cope with. It would be great for the industry if international investors were able to provide local currency funding, limiting foreign exchange risks for the companies. Lendahand Ethex Ltd recognizes this risk and has therefore set up a small foreign exchange (FX) fund to cover potential losses to a certain extent.

Risks for Lendahand Ethex Ltd

- The platform may go bankrupt. In order to prevent investors from losing their money, the notes/bonds are held in a 'collective depot' that is administered by Hands-on B.V. (parent company of Dutch based Lendahand) as allowed by the Dutch Financial Authority (AFM) under its licence. The note/bondholders are the owners of this depot. This is a clear segregation from the assets of the Hands-on B.V. The flow of money is also segregated, namely via the payment service provider of the Lendahand Ethex platform (Mangopay).

- Since the bonds will not be tradeable on a recognised exchange, they are non-readily realisable. Bondholders may be able to buy and sell bonds which the Lendahand Ethex platform might facilitate, although applicants should be aware that there is no guarantee that a willing buyer will be found.

Risks when investing in emerging markets

A brief overview of political, social and macroeconomic risks that could influence this investment:

- The company's main operations are in Sub-Saharan Africa, therefore investors should consider the potential for changes in the political climate. Elections often have a strong impact on the economic stability of a country and significant changes can create obstacles for foreign investors especially as new regimes might make repatriation of funds difficult/impossible.
- Political instability could have a very strong impact on economic stability, the judicial system, stability of the financial markets and institutions and other similar factors. Such risks are difficult to assess but can have a strong effect on investment returns in general. Emerging markets in essence have growing economies, more or less per definition. Nonetheless, the threats of economic downturn due to other factors as described in this section lurk beneath the surface.
- In some cases, corruption is rooted in cultural differences and thus strongly influential in people's way of life. This could also affect businesses. For example, corruption could affect a business' ability to present fair financial statements. It may add costs that are hard to predict or manage. It could make doing business difficult and make contracts void in court, which refers to the (in)stability or (in)effectiveness of the judicial system.
- Natural disasters tend to occur more regularly in emerging markets and/or the effects have a more profound impact due to lacking emergency (government) responsiveness or general infrastructure, than is the case in developed nations, and can have a profound impact on local economies and communities.
- Emerging markets may also be more receptive to being the stage of (civil) war or other types of social instability. This is largely related to the economic and political situation of a country.

All the aforementioned factors can threaten the economic and political stability of a country. In turn, these can lead to local currency devaluations, high inflation levels and negatively influence other macro-economic metrics.

Changes in government legislation

- The risk of this affecting the profitability of the company in the future is minimal. Risk would only relate to future investments made under the new

government legislation that are not part of this bond offer. Oolu will assess each future project on its own financial merits at the time.
- The impact of Brexit: As of 29 March 2017, Britain will begin the process of leaving Europe. Aside currency fluctuations, we are confident that this will have little impact on Oolu's activity in Africa.

5b. Contractual measures to monitor the investment

The company will have to adhere to certain covenants as stated in the agreements with Lendahand Ethex Ltd. A covenant is a formal debt agreement which is put in place to protect the investor from borrowers defaulting on their obligations.

Most relevant covenants are typically represented in terms of financial ratios that must be maintained and are used often in the financial industry. A few that Lendahand Ethex Ltd could maintain with its investees are the following:

- *Leverage ratio* - Companies rely on a mixture of owners' equity and debt to finance their operations. A leverage ratio is any one of several financial measurements that look at how much capital comes in the form of debt (loans), or assesses the ability of a company to meet financial obligations. Too much debt can be dangerous for a company and its investors. Uncontrolled debt levels can lead to credit downgrades or worse. On the other hand, too few debts can also raise questions
- *Cash coverage ratio -* this ratio assesses whether the company has sufficient levels of cash to meet its financial obligations
- *Unhedged currency position* - relates to what extent a company's assets and liabilities are in a foreign currency and assesses the company's vulnerability to currency fluctuations. There is a limit of foreign currency assets that a company is allowed to maintain.

Lendahand Ethex Ltd will receive quarterly key performance indicators (KPI) updates in order to monitor the company. If certain metrics deteriorate, we will engage with the company. In certain cases, we may decide to cease the funding flow. If any of the covenants are breached, we may call an event of default[5] or start a workout procedure.

The mode of investment will be a *promissory note/bond*. A promissory note/bond is a financial instrument containing a written promise by the issuer (Oolu) to pay the investor a definite sum of money, either on demand or at a specific future date. In the case of this offer, it will be spread over specific future dates. The

[5] An event of default is a circumstance that causes a lender to demand full repayment of an outstanding debt balance sooner than it was originally due.

promissory note outlines all the terms pertaining to the investment, such as the principal amount, interest rate, maturity date, date and place of issuance and the issuer's (Oolu's) signature.

In the case the company desires to repay the loan early, there is a non-call period after which the company is allowed to repay the loan early at all times against a 1.5% prepayment fee on the amount prepaid. Such early repayment option is common in the industry and provides a company with flexibility that in the end could benefit the end clients, e.g. households in rural Africa. An investor is free to reinvest the repayment in other projects on the platform.

6. Terms and Conditions

Each drawdown from the credit facility will be a note issuance according to the terms & conditions as stated here in this Example Note.

Annex I
Issuance Terms UK Notes

- Issuer : Oolu SARL
- Underlying Project Name : Oolu Issue 11: Senegal
- Depot ID : Subject to confirmation
- Issue Date : Subject to confirmation
- Maturity Date : 30 months after the Issue Date
- Currency : GBP
- Total Issue Amount : GBP 150,000
- Total number of Notes Issued : 3,000
- Interest Rate : 6% per annum

Amortization Schedule (example)

1st Repayment Date	1st Principal	1st Interest	1st Total	2nd Repayment Date	2nd Principal	2nd Interest	2nd Total	3rd Repayment Date	3rd Principal	3rd Interest	3rd Total
01/03/2020	£10.00	£1.50	£11.50	01/09/2020	£10.00	£1.20	£11.20	01/03/2021	£10.00	£0.90	£10.90

4th Repayment Date	4th Principal	4th Interest	4th Total	5th Repayment Date	5th Principal	5th Interest	5th Total
01/09/2021	£10.00	£0.60	£10.60	01/03/2022	£10.00	£0.30	£10.30

Please note that the interest payments above are shown gross, but where applicable, will be paid net of any taxes required to be withheld.

Annex II
Restrictions on sale

The United States

The Notes have not been and will not be registered under the Securities Act. Trading in the Notes has not been and will not be approved on an exchange or board of trade or otherwise by the United States Commodity Futures Trading Commission under the United States Commodity Exchange Act. The Securities may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons at any time. The Issuer will not offer or sell the Notes at any time within the United States or to, or for the account or benefit of, U.S. persons, and it will send to each person to which it sells Notes at any time a confirmation or other notice setting forth the restrictions on offers and sales of the Notes in the United States or to, or for the account or benefit of, U.S. persons.

Each person who enters into a subscription agreement in relation to the Notes with the Issuer will agree, with respect to the Notes being purchased by it, that it will not offer, or sell the Notes within the United States or to, or for the account or benefit of, U.S. persons, and it will have sent to each person to which it sells any Securities a confirmation or other notice setting forth the restrictions on offers and sales of the Securities within the United States or to, or for the account or benefit of, U.S. persons. In addition the Notes will be exercisable by the holder only upon certification as to non-U.S. beneficial ownership. As used in this paragraph "United States" means the United States of America, its territories or possessions, any state of the United States, the District of Columbia or any other enclave of the United States government, its agencies or instrumentalities, and "U.S. person" means (i) any person who is a U.S. person as defined in Regulation S under the Securities Act or (ii) any person or entity other than one of the following:

(i) a natural person who is not a resident of the United States;

(ii) a partnership, corporation or other entity, other than an entity organised principally for passive investment, organised under the laws of a jurisdiction other than the United States and which has its principal place of business in a jurisdiction other than the United States;

(iii) an estate or trust, the income of which is not subject to United States income tax regardless of source;

(iv) an entity organised principally for passive investment such as a pool, investment company or other similar entity, provided that units of participation in the entity held by U.S. persons represent in the aggregate less than 10% of the beneficial interest in the entity, and that such entity was not formed principally for the purpose of facilitating investment by U.S. persons; or

(v) a pension plan for the employees, officers or principals of an entity organised and with its principal place of business outside the United States.

In addition, each purchaser (or transferee) and any person directing such purchase (or transfer) will represent and warrant, or will be deemed to have represented and warranted by purchasing or otherwise holding a Security that on each day from the date on which the purchaser (or transferee) acquires the Security through and including the date on which the purchaser (or transferee) disposes of its interest in the Security, that the purchaser (or transferee) is not an "employee benefit plan" within the meaning of UK/1001958/13 - 95 - 243311/70-40108501 Section 3(3) of the U.S. Employee Retirement Income Security Act of 1974, as amended ("ERISA"), that is subject to Section 406 of the ERISA, a "plan" subject to Section 4975(e)(1) of the U.S. Internal Revenue Code of 1986 (the "Code"), a person or entity the assets of which include the assets of any such "employee benefit plan" or "plan," or a governmental plan that is subject to any law or regulation that is similar to the provisions of Section 406 of ERISA or Section 4975 of the Code.

TERMS AND CONDITIONS NOTES

of

OOLU SARL, a limited liability company incorporated under the laws of Senegal, with its principal place of business at DAKAR (Senegal), Liberté 6 extension nord Lot 44, and registered with under RCCM number SN DKR 2015 B 13603 (the "**Issuer**")

Article 1 DEFINITIONS

In these Terms and Conditions the following definitions shall have the meaning referred to below.

AFM	the Dutch Authority for the Financial Markets (*Stichting Autoriteit Financiële Markten*);
Annex	an annex to these Terms and Conditions;
Business Day	any day on which banks are open for business in the place of business of the Issuer;
Energise Africa	an initiative where solar home systems providers can attract flexible debt funding via the Lendahand Ethex website in the United Kingdom (www.energiseafrica.com);
Event of Default	each of the events stated in Article 7;
Ethex	Ethex Investment Club Ltd., a not for profit company incorporated under the laws of the United Kingdom, registered with the UK Companies House under number 07432030, with its registered office at Oxford and presently holding its offices at The Old Music Hall, 106-108 Cowley Road, Oxford, OX4 1JE, United Kingdom;
FCA	The Financial Conduct Authority of the United Kingdom;
FSA	Dutch Financial Supervision Act (W*et op het financieel toezicht*)
Fully Funded Notice	Notice given by the Issuer to Lendahand Ethex that it accepts the funding offered via the Lendahand Ethex Website for the eligible project(s) of the Issuer and in exchange will issue the Notes in accordance with the Lendahand Website Issuer

	Access Agreement upon issuance of the signed Fully Funded Notice;
Giro Act	Dutch Securities Giro Act (*Wet op het giraal effectenverkeer*);
Information Request	shall have the meaning set forth in Article 10.1;
Interest Payment Date	shall have the meaning set forth in Article 3.2;
Issuance	shall have the meaning set forth in Article 2.1;
Issue Date	shall have the meaning set forth in Article 3.1;
Issuer	**OOLU SARL**, a limited liability company incorporated under the laws of Senegal, with its principal place of business at DAKAR (Senegal), Liberté 6 extension nord Lot 44, and registered under RCCM number SN DKR 2015 B 13603 (the "**Issuer**")
Issuer Access Agreement	The agreement concluded between the Issuer and Lendahand Ethex that allows the Issuer access to the Lendahand Ethex Website so that the Issuer can offer and issue Notes to Investors through this website;
Investors	the investors in the Notes;
Lendahand	Hands-on B.V., a private limited liability company incorporated under the laws of the Netherlands, registered with the Dutch Chamber of Commerce under number 55711766 with its registered office at Amsterdam and presently holding its offices at Conradstraat 38 - D1.150, 3013 AP Rotterdam, the Netherlands;
Lendahand Ethex	Lendahand Ethex Ltd., trading as Energise Africa, a company incorporated under the laws of the United Kingdom, registered with the UK Companies House under number 10529133, with its registered office at Oxford and presently holding its offices at The Old Music Hall, 106-108 Cowley Road, Oxford, OX4 1JE, United Kingdom. Lendahand Ethex is a 50/50 joint venture of Ethex and Lendahand that owns and operates the Lendahand Ethex Website under the campaign Energise Africa (www.energiseafrica.com);

Lendahand Ethex Website	the internet website owned and operated by Lendahand Ethex that allows investors to select and fund Projects by investing in the Notes (www.energiseafrica.com);
Material Adverse Effect	means any circumstance or event which (A) has a material adverse effect for the Investor on the validity, legality or enforceability of the Notes (B) has a material adverse effect on the business, properties, assets, condition (financial or otherwise) of the Issuer, (C) impairs materially the ability of the Issuer to duly and punctually pay or perform its obligations under the Notes;
Notes	the notes of the Issuer issued in accordance with these Terms and Conditions by the Issuer;
Outstanding Amount	the principal amount outstanding under the Notes, which at the Issue Date is GBP 50 per Note and which principal amount may decrease over time based on early repayments in accordance with Article 4;
Prepayment Amount	means amounts prepaid early on the Principal Amount of the Notes, as a result reducing the Principal Amount accordingly, in accordance with Article 4.2;
Prepayment Date	shall have the meaning set forth in Article 4.2;
Principal Amount	means GBP 50 per Note as at the Issue Date, which amount may decrease if and when the Issuer makes early Repayments on the Notes;
Project	the Project as set out on the Lendahand Ethex Website;
Repayment	shall have the meaning set forth in Article 4;
Security Right	shall have the meaning set forth in Article 11.1;
Terms and Conditions	the terms and conditions of the Notes as set forth herein;
Voluntary Prepayment	shall have the meaning set forth in Article 4.2.

In these Terms and Conditions, unless the context dictates otherwise, references to the singular shall include references to the plural and vice versa and references to any pronoun shall include the corresponding masculine, female or neuter.

Article 2 NOTE ISSUE

2.1 The Issuer seeks to obtain the relevant (back-filled) funding for the Project, by issuing the Notes pursuant to these Terms and Conditions (the "**Issuance**"), the terms of which are attached hereto in **Annex I**.

2.2 Lendahand Ethex Ltd, trading as Energise Africa, is an appointed representative of Share In Limited (Authorised and Regulated by the FCA, FRN:603332). It may market financial promotions and execute orders. Lendahand Ethex will place the Project on the Lendahand Ethex Website, ultimately allowing Investors to invest in the Notes.

2.3 The Issuer issues the Notes in accordance with these Terms and Conditions. The Investors are assumed to have taken note of and are bound by these Terms and Conditions.

2.4 The total amount of the offer and issue of the Notes is as stated in **Annex I**.

2.5 Each Note has a denomination of GBP 50.

2.6 The Issuer may, at its sole discretion redeem (part of) the Notes earlier by early repayment(s) in accordance with Article 4.

2.7 The Notes will be solely offered in the United Kingdom, or in another country of the EEA, if the offer is made in accordance with the laws of such EEA country and Lendahand Ethex is authorised to execute orders from potential Investors in such EEA country. The Notes cannot and will not be offered in any country outside of the EEA and may not be sold or resold to Investors who are resident or citizens of other countries, such as the United States of America as set forth in **Annex II**.

2.8 The Notes will be held in accordance with the Giro Act where Lendahand acts as intermediary (*intermediair*) under the Giro Act. Lendahand is the holder of the collective depot (*verzameldepot*) of the Notes and the Issuer will treat Lendahand as the recordholder of the Notes.

2.9 In case of a sale of Notes from one Investor to another Investor, taking into account restrictions on sales, if any, the Notes will be delivered in accordance with the Giro Act and in accordance with the terms and conditions of Lendahand for the Investors.

2.10 Notes do not give right to ownership, voting rights or meeting rights.

2.11 The terms and conditions of the Lendahand Ethex Website for Investors contain provisions on the Notes. In case of a discrepancy between such terms and conditions and these Terms and Conditions, these Terms and Conditions will prevail insofar it concerns the Issuer and/or the Notes.

Article 3 INTEREST

3.1 The Notes are issued by the Issuer and bear interest at the interest rate as stated in **Annex I** as from the first day of the month following the Project becoming fully funded on the Lendahand Ethex Website and such date is specified in **Annex I** hereof (the "**Issue Date**") until and including the Maturity Date, or such earlier date on which the Principal Amount has been repaid in full.

3.2 For the avoidance of doubt, each Note shall bear interest as of the Issue Date, and be payable semi-annually as per the Amortization Schedule in **Annex I** (**"Interest Payment Date"**).

3.3 Interest shall be calculated on the basis of 30 (thirty) days in a month and 360 (three hundred and sixty) days in a year. Interest is calculated on the basis of the Outstanding Amount of the Notes in such year, the first year starting as of the Issue Date.

3.4 Interest will be paid on the Interest Payment Date.

Article 4 REPAYMENT OF THE NOTES AND PAYMENTS ON THE NOTES

4.1 The Notes shall be repaid by the Issuer in accordance with the Amortization Schedule attached hereto ("**Repayment**") in **Annex I**. Repayments are semi-annual and in equal instalments.

4.2 Not earlier than 6 (six) months after the issuance date, the Issuer may prepay the Principal Amount, in full or in part (the "**Prepayment Amount**"), on an Interest Payment Date (the relevant Interest Payment Date hereinafter being referred to in this paragraph as the "**Prepayment Date**") (the "**Voluntary Prepayment**"). In addition to the Prepayment Amount, the Issuer shall pay to the Investors on the Prepayment Date an amount equal to the sum of: (a) interest accrued on the Prepayment Amount up to the Prepayment Date, and (b) a prepayment fee of 1.5% (one and a half percent) of the Prepayment Amount, and any legal or other fees incurred as a result of the Voluntary Prepayment or otherwise.

4.3 All payments made by the Issuer under the Notes shall be calculated and made in GBP only, and shall be deposited into the bank account of the payment services provider used by the Investors, as provided under the terms and conditions of Lendahand Ethex.

4.4 The Issuer shall, under no circumstances, have the right to suspend any payment, the right to set-off or any similar right to withhold payment.

4.5 Payments made by the Issuer shall be first applied to the interest due and subsequently to the Principal Amount.

4.6 If, at any time, the Issuer is in default in the payment of any amount of principal, interest, fees or other obligations due hereunder (whether by acceleration, at maturity or otherwise), the Issuer agrees to pay an additional interest rate of 2% (two percent) per annum above the rate set forth in Article 3.1 on the then due Principal Amount until the date on which the overdue sum is paid.

Article 5 TAXES (FOR IF YOU HAVE INVESTED UNDER AN IF ISA WRAPPER)

5.1 All taxes charged in Senegal in relation to any payments made under the Notes will be paid by the Issuer.

5.2 If any tax or amounts in respect of tax must be deducted, or any other deductions must be made, from any amounts payable or paid by the Issuer under this Agreement, the Issuer shall pay such additional amounts (*make whole*) as may be necessary to ensure that the Investors receive a net amount equal to the full amount which they would have received had payment not been made subject to tax.

5.3 All taxes required by law to be deducted or withheld by the Issuer from any amounts paid or payable under the Notes shall be paid by the Issuer when due and the Issuer shall, within 15 (fifteen) days of the payment being made, deliver to the Investors evidence satisfactory to the Investors (including all relevant tax receipts) that the payment has been duly remitted to the appropriate authority.

5.4 All costs and expenses of the Investors to be made by the Investors in order to collect payment of any amount due under the Notes, irrespective as to whether these costs are judicial or extrajudicial, shall be paid and borne by the Issuer.

Article 5 TAXES (FOR IF YOU HAVE NOT INVESTED UNDER AN IF ISA WRAPPER)

5.1 All taxes charged in Senegal in relation to any payments made under the Notes will be paid by the Issuer.

5.2 All taxes required by law to be deducted or withheld by the Issuer from any amounts paid or payable under the Notes shall be paid by the Issuer when due and the Issuer shall, within 15 (fifteen) days of the payment being made, deliver to the Investors evidence satisfactory to the Investors (including all relevant tax receipts) that the payment has been duly remitted to the appropriate authority.

5.3 All costs and expenses of the Investors to be made by the Investors in order to collect payment of any amount due under the Notes, irrespective as to whether these costs are judicial or extrajudicial, shall be paid and borne by the Issuer.

Article 6 COVENANTS

6.1 Within 180 (one hundred eighty) days after the year end, the Issuer shall publish a copy of its audited financial statements through the website of Lendahand Ethex Website.

6.2 The Issuer shall obtain, comply with the terms of and do all that is necessary to maintain in full force and effect all authorizations, approvals, licenses and consents required under any applicable law to enable the Issuer lawfully to enter into and perform its obligations under the Notes and to ensure the legality, validity, enforceability or admissibility in evidence of the Notes in its jurisdiction of incorporation.

6.3 The Issuer shall comply in all respects with all laws to which it may be subject, except when such failure to comply would not result in a Material Adverse Effect.

6.4 The Issuer shall procure that no substantial change is made to the general nature of its business from that carried on at the date of the origination of the Notes.

6.5 The Issuer shall not undertake or permit any merger, demerger, amalgamation or corporate restructuring, which has or could reasonably be expected to have a Material Adverse Effect.

6.6 All costs related to the obligations of the Issuer under this Article shall be borne by the Issuer.

Article 7 EVENTS OF DEFAULT

7.1 Each of the events as described hereunder constitutes an Event of Default on the part of the Issuer:

(i) the failure to pay any sum due under the Notes at the time, in the currency and in the manner required, which non-payment is not remedied within 30 (thirty) days after the due date thereof;

(ii) a representation or warranty hereunder or repeated by the Issuer in or pursuant to these Terms and Conditions is incorrect or misleading in any material respect when made or repeated;

(iii) the failure to duly perform any other obligation, including the covenants under Article 6, under or resulting from these Terms and Conditions, which non-performance, if capable of remedy, is not remedied within 7 (seven) days after the Investors' relevant notice to the Issuer which notice shall at all times be given by Lendahand on behalf of the Investors;

(iv) an attachment or execution affects more than 35% (thirty five percent) of the assets of the Issuer and is not discharged within 14 (fourteen) days;

(v) the Issuer under its relevant jurisdiction is declared bankrupt or is granted a moratorium or a request for bankruptcy or moratorium is filed;

(vi) the Issuer is dissolved, a resolution for its dissolution is passed or a request for its dissolution is filed;

(vii) the holders of the Notes exercise the Information Request and the Issuer does not provide the requested adequate information (to be determined at the sole discretion of the holders of the Notes) within 15 (fifteen) days;

(viii) all material authorizations, approvals, licenses and consents, required or desirable to enter into and perform the obligations under the Notes and carry on the business of the Issuer, have not been obtained and/or are not or no longer effected and are effective (which shall at all times exclude any registrations or filings);

(ix) any material debt of the Issuer in an amount exceeding GBP 100,000 (one hundred thousand pound sterling) is declared to be or otherwise becomes due and payable prior to its specified maturity as a result of an Event of Default (similar as described hereunder);

(x) any event or circumstance occurs that, in the opinion of the Issuer, might have, directly or indirectly, a Material Adverse Effect on the Issuer´s ability to perform any of its payment obligations under the Notes; or

(xi) any event of default under the Website Issuer Access Agreement concluded between Lendahand and the Issuer.

7.2 The Issuer shall, without any delay, inform the Investors through Lendahand Ethex in its capacity of intermediary, in writing if an Event of Default has occurred or is likely to occur.

7.3 If an Event of Default has occurred, all Notes still outstanding, together with accrued interest and all other amounts owing under the Notes, will immediately be due and payable without any notice of default or court intervention being required.

Article 8 REPRESENTATIONS AND WARRANTIES

8.1 The Issuer explicitly represents and warrants that:

(i) The Issuer is a company, duly organized, validly existing and in good standing under the laws of its jurisdiction. The Issuer has the power to own its assets and carry on its business substantially as it is being conducted;

(ii) The Notes will constitute legal, valid and binding obligations against it in accordance with its terms and will not violate any contract of the Issuer entered into prior to the issue date of the Notes;

(iii) The Issuer is authorized and licensed and has the capacity to fulfil its obligations under the Notes, to offer and issue the Notes;

(iv) No Event or Default is outstanding or likely to result from the Notes;

(v) The Issuer's obligations towards the Investors under the Notes, unless secured, rank senior to any company director loan and at least pari passu[6] with the existing or future claims of all its other unsecured and unsubordinated creditors, except for obligations mandatorily preferred by law applying to companies generally;

[6] Pari passu refers to loans, bonds or classes of shares that have equal rights of payment or equal seniority.

(vi) The Issuer shall not pay or discharge (including, without limitation, by way of set-off[7] or combination of accounts), or grant any guarantee, indemnity, bond, letter of credit or similar assurance against financial loss in support of, any indebtedness owed by it or any other person unless there is prior written consent of the Investors, which shall not be unreasonably withheld;

(vii) The Issuer shall not declare or pay any dividends upon any of its stock, or purchase, redeem, retire or otherwise acquire, directly or indirectly, any shares, or make any distribution of cash, property or assets among the shareholders, if the earnings before tax over the last 12 (twelve) months is negative or an Event of Default has occurred and is continuing, or would occur; and

(viii) No litigation, arbitration or administrative proceedings of or before any court, arbitral body or agency which, if adversely determined, might reasonably be expected to have a Material Adverse Effect has been started or threatened against the Issuer. In any proceedings taken in its jurisdiction of incorporation in relation to the Notes, the Issuer will not be entitled to claim for itself or any of its assets immunity from suit, execution, attachment or other legal process.

8.2 Investors will not directly approach the Issuer, but will approach Lendahand Ethex and instruct Lendahand Ethex to act on their behalf but only in accordance with the terms agreed between Lendahand and the Issuer.

8.3 The representations set out in this Article 8 shall be deemed to be given and repeated:

(a) on the Issue Date; and

(b) on each Interest Payment Date;

by reference to the facts and circumstances then existing.

Article 9 PRESCRIPTION

[7] The right to set-off refers to the settlement of debt between a creditor and debtor through offsetting transaction claims.

9.1 Claims against the Issuer for payment of principal and interest in respect of the Notes will be prescribed ('*verjaard*') and become void unless made within a period of five years after the date on which such payment first becomes due.

Article 10 INFORMATION REQUEST

10.1 Holders of the Notes have the right to proactively ask the Issuer to be provided with additional information, true and complete, regarding the repayment of any amount due under the Notes (the "**Information Request**").

10.2 The Information Request may only be exercised in the event that circumstances justify the fear of an impending Event of Default, or in the event that an Event of Default indeed has occurred. The Information Request shall at all times be carried out through Lendahand Ethex; Lendahand Ethex will pass on any information received from the Issuer to the holders of the Notes resulting from the Information Request.

10.3 The Information Request has to be sponsored by more than (i) 50% (fifty percent) of the Outstanding Notes and (ii) 50% (fifty percent) of the number of holders of the Notes. In the event that a holder of the Notes desires to exercise the Information Request, it will inform Lendahand Ethex. Lendahand Ethex will inform Lendahand (Hands-on B.V.) as holder of the collective depot (*verzameldepot*) thereof. Lendahand (Hands-on B.V.) will then inform all holders of the Notes accordingly and ask them to vote in order to ensure that the aforesaid quorum is achieved. Lendahand will collect the votes and will inform the holders of the Notes and the Issuer if the Information Request can be exercised. If so, any information shall be distributed to all holders of the Notes.

Article 11 SECURITY

11.1 The notes are unsecured.

Article 12 MISCELLANEOUS

12.1 **Evidence**

Subject to evidence to the contrary, the records of Lendahand in respect of the Notes as holder of the collective depot (*verzameldepot*) will constitute conclusive evidence of the existence and amounts of any of the obligations of the Issuer under the Notes.

12.2 Notifications

a. All notices and other communications relating to the Notes shall be sent to the following addresses:

(i) For Investors:

Lendahand Ethex Ltd.
The Old Music Hall
106-108 Cowley Road
OX4 1JE
Oxford
United Kingdom

Email address: help@lendahand.co.uk

(ii) For Issuer:

OOLU SARL
Liberté 6 extension nord Lot 44
Dakar
Senegal

Email address: thebean@oolusolar.com

or to such address as stipulated in these Terms and Conditions or as the Issuer or Lendahand (as holder of the collective depot under the Giro Act) may specify, by registered mail with acknowledgement of receipt, by courier, or by e-mail.

b. Notices and other communications sent as outlined below shall be deemed to have been received by the addressee at the following times:

(i) if delivered by a courier service: at the time the communication is delivered to the addressee by the courier;

(ii) if sent by registered post: on the day specified on the receipt report;

(ii) if sent by e-mail: on the day specified on the corresponding receipt report.

12.3 Invalidity of Provisions

In the event that any provision of the Notes appears to be non-binding, the other provisions of the Notes will continue to be effective. The Issuer is obliged to replace the non-binding provision with another provision that is binding, in such manner that the new provision differs as little as possible from the non-binding provision, taking into account the object and the purpose of the Notes.

12.4 The signed Fully Funded Notice shall form an integral part of the Notes and receipt of the duly signed and executed Fully Funded Notice by Lendahand will constitute the issuance of the Notes in accordance with the Terms and Conditions thereof.

Article 13 JURISDICTION AND CHOICE OF LAW

1.3.1 The Notes and the Terms and Conditions of the Notes are exclusively governed by the law of England and Wales and they are subject to the exclusive jurisdiction of the courts of England and Wales.

7. Appendix

a. INRiSC Credit analysis review of Oolu SARL

INRiSC

CREDIT ANALYSIS REVIEW – FINAL

Version_Final_D01

April 20, 2018

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1. Introduction

This memorandum concerns the high-level credit analysis in connection to the notes issuance of Oolu LLC. arranged by Lendahand (the 'Client'). The scope of the review is limited to a general review of the credit-related risks in association with the issuer (Oolu LLC.) and the potential issue (the notes issuance). This memorandum does not intend to provide any advice regarding a potential investment in the request under review. The Client should make its own considerations and investigations regarding any investment or any offering thereof made to its customers and clients as intended. No rights can be derived from the use of this document. We note that, apart from credit risks, various other aspects might be relevant when considering an investment, e.g. (local) market circumstances, technology risk, country risk, etcetera. The analyses of such other aspects are excluded from this review. Any comments made on such aspects should be seen in conjunction with credit-related analyses and have no value of their own, nor intend to indicate any deeper analyses of such underlying aspects. Information used in this review is limited (as referenced in Appendix A.1). No due diligence or verification of information received has been made. INRiSC has no further interest in the issuer or the notes issued. INRiSC is not supervised by any regulatory body.

2. Notes issuance & summary

The request concerns:

- A senior ranking, unsecured, covenanted, GBP 2,000,000 facility (maximum exposure will be GBP 1,000,000) with 2 year availability under which notes can be issued with a maturity between 6-48 months, of which the expected average will be 2 years. Each note has semi-annual, linear amortizing repayments.
- Oolu LLC. is a US based company with fully-owned subsidiaries with activities in the off-grid solar industry in Senegal, Mali, Burkina Faso and plans to expand further West Africa. The issuing entity is one of the subsidiaries, Oolu Sarl based in Senegal. Oolu LLC has provided a full credit risk guarantee.
- Financing of working capital requirements.

RISK ANALYSIS OVERVIEW **Positive aspects**	 **Negative aspects**
Company	
Relevant technical, engineering and local knowledge and experience	Scale-up, structural changes to organization
Strong focus on competencies and experience in the specific jurisdictions	The company is vulnerable to the socio-economics and political situation in Senegal. At the moment S&P gives Senegal a stable economic outlook
Business	
Large market for sustainable (energy) solutions and currently sole player in Senegal	Currently long distribution times
Scalable business model	The company has a counterparty risk on its customers
Straightforward supply chain and manufacturer agnostic	
Product	
Remote lock-out ability improves payment behavior	Not an unique product offering
SHS product has high repossession value	
Financials	
Conservative accounting method used by using collateral value of SHS instead of contractual receivables in the projections	External growth funding needed in coming years
Including the convertible loans the company has a strong solvency position	Long cash cycle and negative asset conversion. Not company specific but inherent to business model
Notes	
Medium term only; 2 year line of credit with notes terms of up to 48 months with semi-annual repayments	FX risks (to be hedged in the future)
	Indirect credit risk on consumers
Notes Structure	
Senior ranking notes	Unsecured
No other senior debt currently present in the company	Financial covenants with limited strength

3. The Borrower

3.1. The company

Oolu is a Distributed Energy Services Company (DESCO) which uses Pay-as-You-Go (PAYG) technology in order to provide on-demand clean energy to rural communities in several French-speaking African countries. After co-founder Nilmi Senaratna spent a year living in a rural community in Senegal working on a renewable energy project for the United Nations Environment Programme (UNEP), she saw the challenges local people faced with power supply. Oolu was founded in 2015 by Nilmi Senaratna and Dan Rosa, and incubated in YCombinator, an international start-up accelerator based in California.
Oolu's first product provides solar-powered electricity to rural customers. Solar Home Systems (SHS) are composed of three adjustable lights and two USB plugs, powered by a battery that holds a charge for up to six hours at maximum output. For a monthly fee, paid through mobile money, Oolu installs the system and performs any necessary maintenance, including free battery replacements and component repairs. The product appeals to off-grid clients who often struggle with the higher costs of more polluting lighting sources, such as flashlights and candles, and are forced to walk long distances to charge their cell phones. The company has ambitious expansion plans in terms of both its product offering and market reach. A number of different products are being tested, and in the future Oolu's vision is to become the leading distributor of off-grid solar products and services in West Africa whilst also offering financial services.

Oolu SARL. is the counterparty of the LAH notes issuance and is based in the Senegal. Oolu SARL is owned indirectly by Oolu LLC based in the US, which is in turn owned by Oolu Inc. and investors during the Series A round. Oolu Inc. is owned by YCombinator, the Founders and seed investors through SAFE Agreements which are convertible loans. The Group of investors, who partly own Oolu LLC. is led by Persistent Energy Capital and potential new investors through class A preferred units. Persistent Energy Capital is an experienced venture capital firm specialized in electrical off-grid companies mainly in Africa. Oolu Mauritius takes advantage of a tax treaty between Senegal and Mauritius. When Oolu Senegal becomes profitable repayment of the shareholder loans and later dividends will be routed via Oolu Mauritius and exempt from Senegalese withholding tax. In Wolof, a national language of Senegal, Oolu means 'trust'.

3.2. Management

Dan Rosa is Co-Founder and Chief Executive Officer. Dan's experience is in the fields of public policy and international development related to the energy sector. Before Oolu, he researched off-grid solar models in South Asia and West Africa and lived in a village in rural Senegal.

Nilmi Senaratna is Co-Founder and Chief Business Development Officer of Oolu. Nilmi has spent the last 7 years working on development projects in sub-Saharan Africa. Before building Oolu, she worked in the non-profit, development aid and multinational sectors. For NGOs, she implemented community-based health, energy, business, and poverty alleviation programs. At CIDA and UNEP headquarters, she contributed to high level policy work in the environment sector and published two books related to climate change.

Vincenzo Capogna is Chief Technical Officer of Oolu. Vincenzo is an electrical engineer and the former Manager of the Innovation Programme for SunnyMoney, the largest distributor of portable solar products in sub-Saharan Africa during his tenure. He has experience with projects integrating mobile-money payments and mobile applications in solar PayG systems.

Momar Ndiaye is Oolu's Senegal Country Manager. He is the former CFO of Postefinance (Senegal logistics company and commercial and residential financier), former DAF at Wari (largest mobile payment company in region) and former joint Director Generalat Pamecas (second largest MFI in Senegal, 700,000 clients including across rural regions). Momar has experience with building start-ups.
For this report we interviewed finance officer Thebean Gilfillian who showed extensive knowledge on the subjects discussed.

Credit history Borrower

Oolu LLC was founded only recently in 2015. INRiSC reviewed the credit history over this time based on the documents (management information) provided by Oolu, there were no annual accounts presented to INRiSC. Oolu raised $1m in Seed funding in 2015 and a $3m Series A round in 2017. Oolu plan to raise a $5m Series B round in 2018. $750,000 has been committed to the Series B in convertible loans. Oolu has an outstanding trade credit of USD 400.000 with Solar Connect EG. From the data provided INRiSC has not seen indications that the company has/had unfulfilled financial obligations.

4. Business analysis

The key business activities are concentrated around the sales and after-sales of PV-panels batteries and appliances. Payments are collected through Pay-As-You-Go (PAYG) technology, making it affordable for low-income areas in rural Africa. This technology enables the customer to pay with their mobile phone and enhances customer controlling services by the company.

Customers pay a low monthly fee for installation, service, maintenance and system upgrades when necessary. In the event of customer default, the PAYG technology enables Oolu to remotely lock the installation and, if necessary, repossess the installation. As of April 2018 churn rates (churn is used to denote customers dropping out of the portfolio) are at a 3% average over 2018. In addition, collection rates as of April 2018 average at 84% and have remained relatively stable over the past year.

The systems are produced by two manufacturers in China and paid in USD by Oolu LLC. Inventory is directly delivered to the operating companies in West Africa which directly take ownership of the goods. An intercompany loan equal to the value of the inventory is registered on the balance sheet of both Oolu LLC. and the Senegalese subsidiary. The manufacturers offer a 2-year warranty. Lead times for each product is nominally 60 days, depending on the time of the year. As Oolu is manufacturer agnostic, it can easily switch to another manufacturer when believed to be necessary.

Potential new customers are identified by local sales agents who provide them with general information regarding the system, payments, Oolu’s guarantee and after sales service. Hereafter, the potential new costumer receives a welcome call from the in-house call centre to ensure the information provided by the sales agent is accurate and well-understood. The HR team relies on different channels in the identification and selection of the sales agents who are local to the areas of operation. Some of these channels include: regional schools, recommendations from existing sales agents and on-ground recruitment. After potential sales agents are identified, interviews are conducted to ensure motivation, capability and understanding of the work.

The sales agents receive a base salary and a performance based commission. As high sales performance lead to high commission rates, the risk of attracting un-creditworthy clients could be present. To mitigate this risk, sales agents receive their first payments after two months in order to validate the creditworthiness of the new customer. Moreover, agents are vetted based on performance and could be granted a promotion. Agents are trained in durable approaches to maintain good customer relations. Well-performing agents are given the opportunity to work in new high-potential areas.

The local currency CFA Franc is pegged to the Euro. There is a forex exposure from the operating company’s (Oolu Senegal) revenues to repayment of the GBP LAH note. There is a second exchange risk related to the supplier payments in Dollars. Once the operational company becomes self-sufficient and profitable the intercompany loans will be repaid and a hedging strategy will be implemented in response to the increase in forex exposure.
According to Standard & Poors Senegal has a B+ rating with stable outlook and a low convertibility risk. The CFA franc is issued by the Central Bank of West African States (BCEAO).

5. Financial analysis Borrower

Please note that INRiSC has not tested the reality of the projections in terms of market share captured, underlying price levels, costs related to the realization of the product or its components. Nor did INRiSC test for consumer payment behaviour, payment terms or consumer default rates and loan losses in the operating country of Oolu. The financial ratios in the table below are based on a sales forecast and financial projections model as provided by the company. From this report onwards INRiSC includes the LAH notes issuance in the Financial Ratio Table. INRiSC was able to obtain a good overview of the financials of the company going forward.

Key financial ratios, projected, including notes issuance				
	2018	2019	2020	2021
Current ratio	6.0	3.5	4.0	4.7

Total debt/EBITDA	Neg	Neg	11.8	1.4
Gearing	3.5	11.9	9.0	1.5
Own and Assoc. M/Tot Assets	0.8	0.7	0.7	0.8
Interest cover ratio	-59.5	-10.5	1.3	66.7
Debt service cover ratio	-59.5	-10.5	1.3	6.2
cash cover ratio	210.7	87.1	79.2	44.6
Solvency ratio	20%	6%	8%	32%

Financial Ratio Table – see definitions in the appendix below

Oolu is currently operating at a net loss. The company is projected to make a net profit from 2020 onwards, this is also reflected in the positive trend of both gearing and the solvency ratio as profit is added to the firm's equity position. At this time the company also records a positive EBITDA, reflected by the negative debt/EBITDA ratios becoming positive in 2020. The company currently only attracted non-repayable, non-interest bearing mezzanine debt. The LAH note is the only interest bearing debt in the projections. The divergence of the interest and debt service coverage ratio is caused by the fact that the company is decreasing its outstanding debt. See Appendix A3 for all the ratio definitions used.

5.1. Liquidity

The PAYG payment model stretches the cash cycle of the company. The accounts receivable is commonly a large part of the (liquid) assets of a leasing and PAYG companies. The accounts receivables consists of the amount of money owed to the company by its customers. Receivables entail a risk of non-payment by the customers. Oolu has chosen not to incorporate the receivables on the balance sheet at contract value. Oolu instead records the cost price of all the systems installed minus depreciation. This is a conservative accounting method since it only records the book value of the assets. The contract value of the sold systems is higher but include the non-payment risk. As explained above, the churn rate and arrears are quite stable during the last year. If the company would include the account receivables at contract value, the current assets on the balance sheet would be larger influencing the current ratio. The current ratio remains relatively strong due to a relatively strong cash position. Oolu can cover its short-term liabilities from their current assets.

5.2. Solvency

Another feature similar to leasing companies, is that the balance sheet of PAYG companies is 'inflated' by the need to pre-finance their customers. Meaning if all sales were direct cash payments the company would have had a much shorter balance sheet. As mentioned Oolu does not include the accounts receivable in their projections, thereby shortening their balance sheet. The company accounts on a cash-based basis, meaning revenue is recorded when a cash payment is fulfilled. The company aims to achieve and maintain a long-term debt/equity ratio of 2:1, this is currently not reflected in the projections. Own and Assoc. M/Tot Assets shows the relatively high portion of mezzanine funding present in the company. The projected Own and Assoc. M/Tot Assets (including the mezzanine) indicates a strong position and reflects the ability to raise debt, while at the same time, maintaining their relatively strong solvency position (including the mezzanine). This is further strengthened by an increase in EBITDA in 2021 and the correlating declining debt/EBITDA ratio. The projected losses of the company are reflected in the increase of the gearing ratio, as the equity position of the company is reduced and the debt levels remain constant. The gearing improves in coincidence of the company making a projected profit from 2020 onwards.

5.3. Cash flow analysis Borrower

There are both positive and negative cash flow implications for the PAYG model. PAYG leases put pressure on the lessor's cash flow as it stretches the incoming cash flow, the long cash cycle is a financial risk inherent to the business model. It is a financial risk because the company has counterparty risk on their customers for the duration of the lease contract. The long cash cycle of the company causes a negative cash flow from operations until 2021, this is due to the working capital investments. Working capital is needed to buy new assets when new lease contracts are signed with consumers. According to projections the Days Inventory will be reduced over the projected period but will remain relatively long. Meaning that in the future outside funding is required for the company to grow. Cash flow from core operations becomes positive in 2020, this demonstrates that the company runs a profitable operation when one disregards the working capital investments. A positive feature of the PAYG model is that it binds clients, which will provide cash flows in the long run.

6. Collateral analysis

The notes are uncollateralized. Oolu is dependent on the payment behavior of their customers. The legal risks deriving from these lengthier relationships, which also involve a higher diversity of obligations (e.g. monitoring, maintenance, payments services) than a regular sale, increase the overall operational risk of the lessor. The company provides asset-based finance with the SHS as collateral. The company decreases the risk of non-payment by the customers by being able to remotely lock the installation if a client fails to pay. If necessary, the company can go one step further and repossess the installation. At the moment, Oolu is able to sell most of the repossessed systems for the original price. As the market matures it is likely that a second-hand market will establish itself giving a price indication on the collateral value the systems represent.

7. Risk analysis

The proceeds of the notes issuance by the company is used directly to finance inventory and support working capital financing needs. PAYG companies have significant start-up losses as the company pre-finances customers giving the products a long payback period. The company therefore has exposure on its customers' creditworthiness and repayment morale. The company has taken operational steps in mitigating this risk. Oolu also adheres to prudent financial management by maintaining a receivables reserve.

Forex risks for the notes issuance is limited in comparison to other African countries because the CFA Franc is pegged to the Euro making it a more stable currency. Suppliers are currently paid in USD and the notes repayment in GBP. This means there is a risk on both currencies in relation to the CFA Franc. Based on an assessed preferable market conditions future inventory will be purchased through US/EUR/GBP funds. A hedging strategy will be implemented when deemed beneficiary with respect to transaction costs.

The notes are unsecured. With the notes being unsecured, any recovery in case of default ranks behind potential future senior secured lenders. In fact, the position of the noteholders is equal to other trade creditors like Solar Connect Eg. No specific preferential agreements with trade creditors are known to INRiSC. In case of default the noteholders will need to share the proceeds remaining, after repaying secured lenders. At the moment no secured lenders are present.

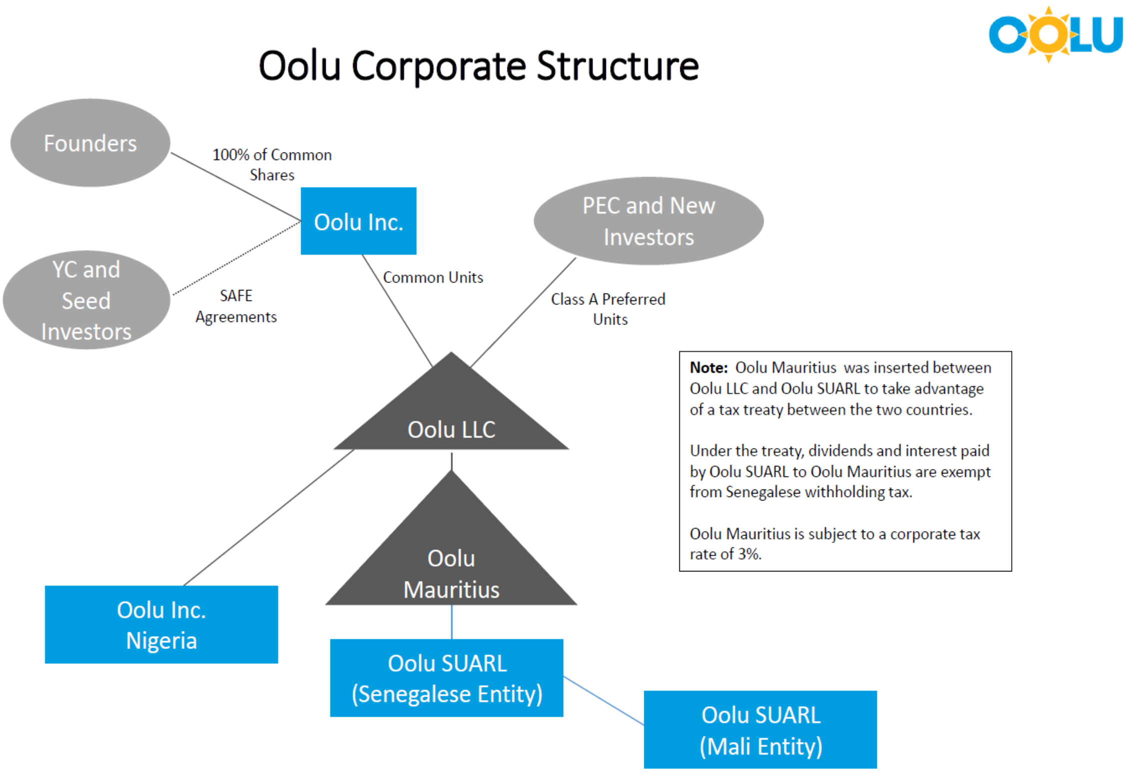
A. Appendices

A.1. Information used

The information used in this analysis were obtained from Client and include:

- Business presentation;
- Organizational chart and individual shareholdings;
- Financial projections of the company;
- Shareholder Agreements;
- Convertible loan agreements;
- Receivable portfolio and business analysis;
- Interview with Thebean Gilfillian from Oolu Inc management conducted by INRiSC.

A.2. Organizational chart



A.3. Ratio definitions

- The current ratio measures a company's ability to pay short-term and long-term obligations.
- Total debt divided by EBITDA is an indicator of the total debt capacity of the company. EBITDA being the Earnings before Interest, Taxes, Depreciation and Amortization.
- Gearing refers to the debt to equity ratio and compares a company's own equity or capital to funds borrowed by the company.
- Own and Assoc. M/Tot Assets mirrors the solvency ratio with the addition of mezzanine funds (subordinated unsecured debt, convertibles, etc.) as risk capital to the equity position.
- The interest coverage ratio is a debt ratio and profitability ratio used to determine how easily a company can pay interest on its outstanding debt.
- Debt service coverage ratio - the Debt-Service Coverage Ratio (DSCR) is a measure of the cash flow available to pay current debt obligations. A DSCR greater than 1 means the entity – whether a person, company or government – has sufficient income to pay its current debt obligations. A DSCR less than 1 means it does not.
- Cash coverage ratio - this ratio assesses whether the company has sufficient levels of cash to meet its financial obligations.
- Solvency ratio is a key metric used to measure an enterprise's ability to meet its debt and other obligations. The solvency ratio indicates whether a company's cash flow is sufficient to meet its short-term and long-term liabilities.
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For more information

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